

BUDGET POLICIES

Overview

Florida Statutes Chapter 129 and 200 govern the budget process and levying of ad valorem taxes. The Florida Statutes establish the budget timetable from the point of initial presentation of the proposed budget and taxable value to the Sumter County Board of County Commissioners. The timetable, public advertising requirements, and the two required public hearings to adopt the budget and levy ad valorem taxes are statutory requirements. Additionally, a uniform accounting structure dictated by the State of Florida Comptroller must be embodied in the budget and financial reporting.

The County Administrator is designated by Ordinance 83-7 as the Budget Officer for the Board of County Commissioners. Budget formulation, adoption, and execution in Sumter County involve the interaction of many people. The purpose of the process is to identify service needs, strategies for meeting these needs and develop detailed revenue and expenditure plans to meet the needs.

The budget document provides a summary of the financial plan for county operations for the fiscal year beginning October 1 and ending September 30. This document shows revenue sources and how they will be spent.

Statutory Requirements

An annual budget shall be prepared, approved and adopted for each fiscal year. The budget controls the levy of taxes and expenditure of money for all County purposes. The budget shall be conducted in accordance with Chapters 125, 129, 200, and 218 of the Florida Statutes, as amended.

Pursuant to Chapter 129.07, Florida Statutes, it is unlawful for the Board of County Commissioners to expend or contract for expenditures in any fiscal year in excess of the amount budgeted in each fund. Every appropriation except those specified by law shall lapse at the close of the fiscal year.

Any changes in the Budget Officer's revenue estimates will be done by resolution of the Board pursuant to Chapter 129.03, Florida Statutes.

Budget Development Process

The development of the budget involves three distinct phases: 1) Preparation of budget request, 2) Review and preparation of a proposed budget, and 3) County Commission review and adoption. Budget revenue projections and expenditure requests will be submitted in a uniform format. The procedures used in preparing both the operating and capital budgets are summarized below.

The Budget is prepared over a six-month period beginning in April and ending in October, as follows:

I. Preparation of Budget Requests: April – June

April

- Based on input and direction from the Board of County Commissioners the Budget Officer will prepare for adoption a fiscal policy to be used by all parties requesting budget funds.
- Budget Workshop dates are set.
- The March Consumer Price Index used in salary computations is released by the U.S. Department of Labor and health insurance rates provided by the actuary are received. Budget packets are prepared and distributed.

May

- Departments and Elected Officials prepare budget requests.
- Notice to public is advertised for budget requests to be received by June 1.

June

- Elected Officials are required to file their budgets no later than June 1, per statutes.
- Board Departments file budgets with the Budget Officer.

II. Review and Preparation of Proposed Budget - June – July

June/July

- Budget Officer and staff review budget requests. Meetings may be held to review budget submissions.
- On July 1st the Property Appraiser certifies the taxable property values in accordance with F.S. 193.023 (1); 200.065 (11).
- Revenue estimates are released by the Legislative Committee on Intergovernmental Relations and local revenue estimates are calculated.
- A tentative budget is prepared and presented at the budget workshops.

III. Board of County Commissioners Review and Adoption: July – October

July (3rd or 4th week)

- The Board holds workshops the latter part of July to review and revise the tentative budget. The meetings are open to the public, but public comment is not received. The purpose of the meetings is for the Board to finalize a tentative budget and receive testimony from County Departments at the Board's discretion.

August

- The Board approves a tentative budget and proposed millage rate. The Board schedules two public hearings to consider budget adoption (September). The Property Appraiser is notified of the proposed millage rate, current year roll back rate, date, time and place of first public hearing.
- Departments, Elected Officials, and budget recipients are notified of the tentative budget and hearing information. Reports are prepared.
- TRIM notices are mailed out by the Property Appraiser's Office.

September

- Two public hearings are held to receive public comment regarding the budget and tax levies and for explaining the budget. The first hearing is listed on the TRIM notice sent out by the Property Appraiser. The second notice as prescribed by statute is advertised in the newspaper. The Board adopts a budget and millage rate by adopting a resolution that is filed with the Property Appraiser, Tax Collector, and the Department of Revenue.
- Departments, Elected Officials, and budget recipients are notified of the final budget. Budget documents are prepared.

October

- The final adopted budget for new fiscal year becomes effective.
- Budget compliance is certified to the Department of Revenue not later than 30 days following the adoption of the budget and millage rate.

Capital Planning

Sumter County maintains a separate Capital Improvement Plan Policy. The Capital Improvement Program is published as a separate document. Funding for the current fiscal year projects is included in the adopted budget.

Each year after the audit is finalized, the revenue amount received in General Fund in excess of 100%, if any, will be identified. The excess amount will be placed in the tentative budget for capital projects. This figure may be revised through the normal budget process.

In January, department heads assess their capital projects to determine if they meet the definition of a capital improvement project as stated in the policy.

CIP requests are reviewed by the Budget Officer and staff during the month of February and March.

Meetings are held between Departments and the County Administrator/Budget Officer to review CIP submissions to determine specific funding levels to be approved.

The County Administrator will schedule a CIP Workshop to present the recommended projects to the Board of County Commissioners in April or May.

Budget Amendment Process

Florida Statutes direct that, upon final adoption, budgets shall regulate the expenditures of the County. Itemized estimates of expenditures shall have the effect of fixed appropriations and shall not be amended, altered or exceeded except as provided by statute. The County will establish and maintain practices for the administration and amendment of the annual budget.

The Board of County Commissioners at any time within a fiscal year may amend a budget for that year, and may within the first 60 days of a fiscal year amend the budget for the prior fiscal year, as follows:

Budget Transfers

- Appropriations for expenditures within any department may be increased or decreased with the approval of the Budget Officer provided that total appropriations of the department are not changed.
- The director of the requesting division will review the budget transfer request then forward to budget staff. The request will be reviewed by budget staff and then forwarded to the Budget Officer for review and approval.

Budget Amendments

- Unanticipated revenues may be appropriated and expended for specific purposes. Such receipts and appropriations shall be added to the budget of the proper fund. Grant revenue or insurance proceeds would be examples of unanticipated revenue.
- Appropriations from the reserve for contingencies may be made to increase the appropriation for any particular expense in the same fund for any lawful purpose, but no expenditures shall be charged directly to the reserve for contingencies.
- Increased receipts for proprietary funds received for a particular purpose may, upon approval of the Board, be appropriated and expended for that purpose, in addition to the appropriations and expenditures provided in the budget.

- If an amendment to the budget is required for a purpose not specifically authorized in Florida Statutes 129.06 (2) (a-e), and amendment may be authorized by the Board following a public hearing advertised a least two days but not more than five days before the hearing date.

Budget Amendments will be prepared by budget staff and presented to the Board by the County Administrator/Budget Officer for approval.

Basis of Accounting & Budgeting

The County follows Generally Accepted Accounting Principles (GAAP) for accounting and financial reporting. Governmental GAAP requires use of the modified accrual basis of accounting for governmental funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance current expenditures. Expenditures are generally recognized when a liability is incurred. Under the accrual basis of accounting, revenues are recognized when earned and liabilities are recognized when incurred.

Relationship between the Capital and Operating Budgets

The capital and operating budgets affect each other in a number of ways. The amount of debt that can be supported by the operating budget helps determine the value of the bonds that can be sold in any given fiscal year. Operating budget resources, as governed by the County's revenue and by its budget stability and debt management policies, determine the level and composition of the County's capital budget.

Capital budget decisions affect the operating budget in several ways. First and foremost is the amount of operating budget revenue that must be used to provide for debt service payments on any revenue bonds sold to fund capital projects.

A second impact the capital budget has on the operating budget consists of the operating and maintenance costs associated with the completed facilities. The greatest operating impacts occur with a new facility, such as the opening of a new park. In such instances, costs relating to new maintenance and support staff and additional operating and utility expenses must all be included in the operating budget.

Other types of capital projects may have a relatively small impact on the operating budget. Renovations rarely increase operating costs much, if at all. Road, storm drainage, and other infrastructure projects do not normally result in the need for additional costs. However, when such project reach a critical mass, additional maintenance staff will be needed, and at some point in the future, resurfacing and other expensive maintenance activities will be required.

Capital expenditures can also have positive impacts on the operating budget. For instance, infrastructure maintenance funded through the capital budget can result in substantial operating budget savings. An example is the resurfacing of roads using capital budget funds, which usually reduces the need to temporary repairs of the potholes and other maintenance funded from the operating budget. Likewise, the renovation of an old facility will usually result in lower maintenance costs for that facility. New construction can also serve to reduce operating expenses if the new facility results in less need for rented or leased space.

Quarterly Reporting and Annual Report

The Budget Officer shall provide a quarterly report summarizing the status of revenues and expenditures in order to illustrate the progress of the approved budget. The Budget Officer shall provide an annual report to summarize the status of the financial to service relationship of the County organization and the success of County projects to the success of the community at large.

Government Finance Officers Association Award

The County shall improve its budget documentation on an annual basis to obtain the Award for Distinguished Budget Presentation from the Government Finance Officers Association. This award signifies that the County is effectively communicating its budget story to its citizens, elected and administrative officials, and to outside interested parties such as bond rating agencies. The County shall continue to improve its budget document as to maintain a high level of communication and the prestigious award.

Adopted by the Board of Sumter County Commissioners on March 28, 2006.